



The Church of Scotland Investors Trust

Constituted by Act of Parliament 1994

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Church of Scotland – Growth Fund Factsheet Q1 2024

The portfolio produced a good positive return over the quarter but underperformed the performance benchmark. However, this return was again ahead of the Arc Steady Growth peer group over this period.

The portfolio underperformed a buoyant performance benchmark over the latest quarter and twelve months. However, it was ahead of the ARC Steady Growth peer group over both of the respective time periods.

Equity markets rallied in the first quarter, continuing the strong performance witnessed since the autumn of 2023, as hopes for a soft economic landing grew. US equity markets produced double-digit gains for the second consecutive quarter, while Japanese equities produced even better returns, though yen weakness reduced those gains for international investors. China was a continuing weak spot, as equity markets in Hong Kong and China produced weaker returns.

Inflation proved stickier than expected, and while it continued to edge down year on year in both the US and UK, it remained above the target level of the respective central banks. Commodity prices, such as oil and copper, increased over the period as investors looked to a better economic outlook, while OPEC (Organisation of the Petroleum Exporting Countries) extended existing production restrictions into the summer.

Performance to 31st March 2024

	3 months (%)	12 months (%)
Fund	5.27	11.7
Comparative index	7.17	16.9
Relative	-1.9	-5.2

Outlook

Tighter monetary policy and the 'new normal' financial conditions appear to have been absorbed by investors without significant disruption to global financial markets. Economic conditions also appear to have been more resilient than anticipated and a soft-landing appears to be in prospect, at least for now. Domestic politics is likely to rise up the agenda for investors as the year progresses, particularly in the US, and policy emphasis is likely to affect the outlook for a number of sectors exposed to partisan spending priorities.

Inflation continues to be stickier than hoped for, which is acting as a brake on central banks' ability to cut interest rates. A higher-for-longer rates scenario may yet give pause for thought. AI has driven a new wave of technology investment, with a narrow gauge of companies benefitting from the early wave of adoption. The benefits of this new technology will now need to be realised more broadly across the market, as the technology develops.

Geopolitics, continuing conflicts, trade wars and China's recovery from economic malaise all have the potential to produce disruptive effects for economies and markets over the short term. However, structural demand trends remain in place over the long term and our multidimensional research process seeks to identify opportunities as tectonic shifts reshape the world around us.

Extracted from Newton Investment Management's Investment Report for The Church of Scotland Investors Trust Growth Fund as at 31 March 2024.

Top 10 contributors to attribution

Company	End weight	Relative position	Net management effect
	%	%	%
SAP SE	2.20	1.99	0.31
Applied Materials Inc	1.76	1.58	0.30
Lonza Group AG	1.35	1.30	0.30
Tesla Inc	0.00	0.53	0.27
Hubbell Inc	1.63	1.61	0.26
Eli Lilly & Company	1.40	0.73	0.25
Progressive Corp (Ohio)	1.15	1.02	0.19
Trane Technologies PLC	1.36	1.29	0.18
Barclays PLC	1.12	1.09	0.14
Microsoft Corp	4.89	1.74	0.10

Risk Warning: - Investors should bear in mind that values fluctuate and, as past performance is no guarantee of future returns, investors may not get back the original amount invested. The Growth Fund and Income Fund units are only realisable on the monthly dealing dates. The distributions paid by the Deposit, Growth and Income Funds are all liable to fluctuation.